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FOR ASSISTANT SECRETARY BOUCHER FROM AMBASSADOR LUNSTEAD

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TAGS: [EAID](#) [ECON](#) [MARR](#) [OVIP](#) [PGOV](#) [PREL](#) [CE](#)

SUBJECT: SCENESETTER FOR A/S BOUCHER VISIT TO TOKYO AND SRI LANKA

Classified By: Ambassador Jeffrey J. Lunstead, Reasons 1.4 b, d and e.

Summary

1. (C) Your visit to Tokyo and Sri Lanka comes during a tense period of increased violence and worrisome prospects for Sri Lanka's fragile ceasefire. Your visit gives us the opportunity to pursue two key goals - increased co-chair support to push the peace process forward, including seeking ways to moderate Tiger behavior, and improved Government efforts to address Tamil grievances. PDAS Camp laid out many of the themes you will push when you arrive, including the need for the GSL to take a stronger leadership role and the need for the LTTE to abandon terrorism as a tactic.

2. (C) You will find that our USAID mission and military and security assistance programs are strong and well-received, though under-funded and more limited than we would like. You will address the American Chamber of Commerce, a forum we have used previously for delivering tough messages on both the peace process and the need for sound economic policymaking. During your press events you will face a largely docile media, with potentially tough questions coming from the international press, focused on what we are doing to pressure the Government and the LTTE and what we would do to support the Government in the event of a return to war. You will find a generally positive view of the US among the groups and individuals you meet. End Summary

Situation Update

3. (C) Your visit to Tokyo for the co-chairs meeting, followed by a stop in Sri Lanka, comes amidst great uncertainty regarding the likelihood of salvaging the ceasefire between the Government of Sri Lanka (GSL) and the Liberation Tigers of Tamil Eelam (LTTE). In the past six months there have been 489 killings. Of these, 310 were civilian, 123 were GSL security forces, 29 were LTTE and 27 were from other armed groups (i.e. Karuna) (Note: the LTTE figures are highly unreliable and cannot be verified. End Note). The Government continues to founder, calling for a return to talks and requesting international pressure on the Tigers on one hand, but failing to take even the most basic of protective measures on behalf of its Tamil citizens on the other. This undercuts the Government's otherwise impressive restraint in the face of provocations, and bolsters the position of the LTTE relative to its Tamil subjects.

4. (C) During PDAS Camp's May 15-16 visit, he emphasized U.S. concern at the escalation in violence and increasing fragility of the Ceasefire Agreement (CFA). Underscoring the U.S. desire to assist the GSL in arresting the downward spiral, he pressed the Government to investigate and prosecute human rights cases and to address more visibly Tamil grievances, especially by developing political proposals that offer the "maximum devolution" President Rajapaksa promised in his Presidential campaign. In response, Foreign Minister Samaraweera and Peace Secretariat Chief Palitha Kohona asserted that the GSL had begun reviewing the outlines of such a proposal but offered no concrete details. Both interlocutors agreed on the importance of upholding human rights, but Samaraweera maintained that many allegations were "exaggerated." During his meetings with Defense Secretary Gotabaya Rajapaksa (the President's brother and an American citizen), Camp heard that the GSL intends to investigate, but often cannot identify the various "players" operating in GSL-controlled areas who may be perpetrators. The Karuna faction is easier for the GSL to "control" than these shadowy "players," Rajapaksa said, who may be working at cross-purposes with the GSL. Rajapaksa's admission that the GSL can "control" Karuna, undercuts their formal denial of links to the group.

Co-Chairs Meeting

5. (C) The Co-Chairs are meeting in the wake of another spate of attacks in Sri Lanka, including the assassination of a key LTTE military commander in the east, grenade attacks against INGO offices in Trincomalee and several barbaric murders, including a family with young children in the north. It also comes immediately on the heels of an EU Parliament resolution, which is probably a precursor to EU listing of the Tigers.

16. (C) Our desires for the co-chairs meeting are straightforward - 1) get co-chairs united behind a plan to engage a wider range of interested parties, including the Indians, Thais (and other ASEAN members), Australians and Canadians - among others - in efforts to curb illegal weapons shipments and shut down funding to the LTTE, in order to change Tiger behavior; 2) send a strong message that the Government must take steps to maintain law and order, address Tamil grievances and formulate a credible proposal for a permanent solution; and 3) explore possible confidence building measures to help pull both sides back to negotiations.

Government

18. (C) In Sri Lanka you will likely meet with President Rajapakse and Foreign Minister Samaraweera. They will:

- lament the current state of the ceasefire,
- complain of LTTE atrocities,
- demur on Government involvement in atrocities against Tamils (explaining that they would like to do more but cannot for a variety of reasons) and,
- press for greater international community involvement in putting pressure on the Tigers to return to the negotiating table.

19. (SBU) The following points are key for your meetings with these officials:

- You have the full support of the US. With that support, however, we expect that the Government will take firm decisions and make politically difficult choices, in the interest of peace and its citizenry's well being.
- The Government must investigate violence against Tamils committed in Government-held territory. How does the Government plan to move forward with investigations and, more importantly, protect its citizens from future incidents?
- The Government has shown admirable restraint in the face of recent LTTE provocations. That said, the Government appears to be reactive and has done little to establish a positive basis for a new round of talks. While LTTE atrocities have given the Government a certain measure of "moral high ground," you risk slipping off if strong leadership is not shown.
- It will be important, as a show of leadership, for the Government to propose a credible, long-term solution to the problem. It is not enough to simply state what is or is not acceptable, or to table only maximalist positions as part of a negotiating stance; you have an obligation to your people and the international community to show a way forward out of this impasse.
- While you clearly cannot will the LTTE to follow, you can send a clear message to the Tamil community that there is a way forward and help them exert pressure on the LTTE to return to negotiations.

LTTE

110. (C) The LTTE does not appear interested in a return to talks at this time and has not responded to positive incentives (increased aid possibilities) of the past four years. LTTE goals have not changed (a separate state), and though international respectability has been a potential source of leverage in the past, its weight appears diminished in their current calculus. It is imperative that the international community seeks ways to implement negative incentives against the Tigers (the weapons and funding interdictions mentioned above) to convince them of the damage of their negative behavior to their cause.

111. (C) With regard to the LTTE, your public statements will need to clearly show our ire at LTTE behavior, our intent to rein in their ability to procure weapons and funding. You should also make clear that if they renounce violence in word and deed, and return to the path of a negotiated settlement, the international community, including the US, will recognize the change and act accordingly. You should also press on the Government to fulfill its responsibilities to its Tamil citizens, addressing their legitimate grievances and ensuring the security of all Sri Lankans. During your meeting with representatives of the Tamil community, you will have the chance to explore Tamil grievances, the possibility of alternatives to the LTTE and potential pressure points that can be leveraged against the LTTE.

USAID

112. (U) USAID/Sri Lanka's goal, a more peaceful, prosperous

and democratic Sri Lanka, is being achieved through a USD 120 million, five-year Country Strategy to increase the economic competitiveness of key industries in the global marketplace, improve youth job skills, support the peace process, good governance and citizen participation in the political process and improved social and economic integration for disadvantaged groups.

13. (U) Under Tsunami supplemental funds, the Mission manages USD 34 million in Office of Foreign Disaster Assistance (OFDA) emergency grants and USD 77 million in rehabilitation and reconstruction activities. These include development and implementation of signature infrastructure (Arugam Bay Bridge in the east, three harbors in the South and 10 vocational schools in the south and east), livelihood grants, small scale infrastructure, including 85 children's parks and assistance to increase the financial and service delivery capacity of tsunami affected local governments. Community and private sector consultations and coastal zone management are integral parts of the program as well.

14. (SBU) Increasing violence has constrained USAID's tsunami recovery, peace building and local government capacity building activities in the Eastern province and, to a lesser extent, the North-Central province. The USAID Office of Transition Initiatives project in Trincomalee was forced to suspend operations from April 26 to May 4, given security concerns in the area.

Security/Military

15. (C) We continue to move forward with efforts to support the GSL's armed forces as a means of showing the Tigers that a return to war will not be painless. We are currently providing security assistance in the amount of USD 200,000 for FMS C-130 parts and USD 1.4 million in excess defense articles of basic military equipment. The Sri Lankan Navy has submitted a letter of request for deck weapons, night vision devices, offshore patrol vessels and decoding devices.

16. (C) Our Office of Defense Cooperation believes the following represent key Sri Lankan military needs:

- Development of a National Military Strategy
- Additional ships to establish control over sea-lanes
- Enhanced maritime surveillance capability
- Streamlined logistics and acquisition processes
- Repairs to C-130s to increase air re-supply capability
- Signed ACSA with US for quick logistical assistance
- Joint US-Sri Lanka naval and ground exercises.

17. (C) Post receives good support in the security arena, within the limits of police training and resources. Support in traditional law enforcement functions is less effective due to a lack of capacity. Recently, we have been able to provide Anti-Terrorism Assistance Program (ATAP) training and we hope to continue this support. We would also like to reinstitute an International Criminal Investigation Training Assistance Program (ICITAP), which deployed an ICITAP "resident advisor" to Colombo to develop trainers and training. Just as the program was beginning to effect positive changes in the civil and human rights efforts of the police it was discontinued for budget reasons. Finally, we would like to sponsor community-policing education for the police and the civilian population, whose relations have foundered under the weight of police preoccupation with counter-terrorist activity.

Econ/Amcham

18. (SBU) As the Ambassador noted in a speech to the American Chamber of Commerce last January, in order to achieve better economic progress, "peace is paramount." The continuing uncertainty surrounding the peace process has raised concerns among current and potential investors. While Sri Lanka suffered over USD 1 Billion in damage as a result of the tsunami, most rebuilding costs will be borne by NGOs and the

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donor community. Sri Lanka's economic growth rate did not suffer noticeably, largely because of the relatively low contribution of the tourism and fishing sectors (the two most heavily affected industries) to GDP, and the offsetting growth in the construction industry.

19. (SBU) Sri Lanka is a Millennium Challenge Account eligible country, and has submitted a compact proposal focusing on rural development, including rural irrigation projects, rural roads, rural electrification and small and medium enterprise development. Millennium Challenge Corporation is currently conducting its due diligence of the proposal and negotiating the compact terms. We hope to have a concluded agreement by the end of the year.

20. (SBU) The current government acknowledges the need for an open economy, but still has fairly statist leanings. The

President and his allies are opposed to privatization of state-owned enterprises, despite their poor track record and record losses, and the national budget was full of give-aways, particularly to rural communities. A cap on subsidies for petroleum products, proposed in the national budget, appears to have been abandoned, and some analysts predict Sri Lanka could spend as much as USD 2.2 billion on fuel subsidies this year.

121. (SBU) You will address members of the American Chamber of Commerce at a luncheon (we are drafting a suggested speech). In addition to laying out our position on the peace process and the need for both sides to improve their behavior and performance, you will have the opportunity to hit on the need for sound economic policy and the need for a positive investment climate, as a means of underscoring and solidifying any potential progress on peace.

Public Diplomacy

122. (SBU) You will encounter a largely positive public image of the US in Sri Lanka. While there are Sinhalese and Tamil hardliners who suggest we should do more, the bulk of Sri Lankan opinion is favorable to the US, its position against the LTTE and its role as a co-chair. Recent statements by you, Under Secretary Burns and PDAS Camp have been welcomed here, with the US given perhaps undue credit for spurring the EU to ban the LTTE.

123. (SBU) The media are, for the most part, docile and unprofessional, rarely asking tough questions. Challenging questions will come from the foreign media, including BBC, Reuters, AP, Bloomberg, AFP, Radio France International, the New York Times (stringer) and various Indian papers and wires. You should expect questions on what the USG is doing to pressure the GSL to stop support for paramilitary (also referred to as "other armed groups") groups, and hypothetical questions about what the US is prepared to offer the GSL by way of support (military or otherwise) in the event a full-scale war breaks out.

LUNSTEAD